

ORIGINAL



Transcript Exhibit(s)

Docket #(s): W-02250A-14-0376 and

W-20919A-14-0376

Arizona Corporation Commission

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MAR 30 2015

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ARIZONA
CORPORATION
COMMISSION
DOCKET CONTROL

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Exhibit #: SL; A1-A3

ORIGINAL

MEMORANDUM



2015 MAR -2 A 11:13

AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: March 2, 2015

RE: STAFF REPORT FOR THE APPLICATION OF ARIZONA WINDSONG
REALTY, INC. FOR APPROVAL TO TRANSFER ASSETS AND CERTIFICATE
OF CONVENIENCE AND NECESSITY
(DOCKET NOS. W-02250A-14-0376 AND W-20919A-14-0376)

Attached is the Staff Report for the application of Arizona Windsong Realty Inc. ("AWR") and Arizona Windsong Water Company ("AWW") for approval of the transfer of assets from AWR to AWW and the application of AWW for a Certificate of Convenience and Necessity ("CC&N").

SMO:RGG:sms\CHH

Originator: Robert Gray

Arizona Corporation Commission

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Service List for: Arizona Windsong Realty, Inc. and Arizona Windsong Water Company
Docket Nos. W-02250A-14-0376 and W-20919A-14-0376

ALL SERVICE LISTS SHOULD INCLUDE THE FOLLOWING:

Mr. Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
Attorney for Applicants

Ms. Lili Paulsell
Arizona Windsong Water Company
P.O. Box 261
Sanders, Arizona 86512

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**ARIZONA WINDSONG REALTY, INC. AND ARIZONA WINDSONG WATER
COMPANY**

DOCKET NOS. W-02250A-14-0376 AND W-20919A-14-0376

**APPLICATION FOR APPROVAL OF A TRANSFER OF ASSETS AND FOR A
CERTIFICATE OF CONVENIENCE AND NECESSITY**

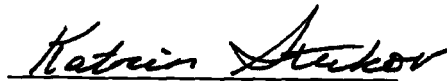
MARCH 2, 2015

STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Windsong Realty, Inc. and Arizona Windsong Water Company, Docket Nos. W-02250A-14-0376 and W-20919A-14-0376, was the responsibility of the Staff members listed below. Robert Gray was responsible for the review and analysis of the Company's application. Katrin Stukov was responsible for the engineering analysis.



Robert Gray
Executive Consultant



Katrin Stukov
Engineer

EXECUTIVE SUMMARY
ARIZONA WINDSONG REALTY, INC. AND ARIZONA WINDSONG WATER
COMPANY
DOCKET NOS. W-02250A-14-0376 AND W-20919A-14-0376

Staff reviewed the application for approval of the transfer of assets from Arizona Windsong Realty, Inc. to Arizona Windsong Water Company and the application for a certificate of convenience and necessity by Arizona Windsong Water Company. Staff recommends approval of the transfer of assets and certificate of convenience and necessity, subject to conditions discussed herein.

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Introduction

On October 28, 2014, in compliance with Decision No. 74597, Arizona Windsong Realty, Inc. ("AWR") and Arizona Windsong Water Company ("AWW") filed an application with the Arizona Corporation Commission ("ACC") for approval of the transfer of assets from AWR to AWW. Further, AWR and AWW filed for ACC approval of a transfer of AWR's Certificate of Convenience and Necessity ("CC&N") to AWW. The filing for the transfer of the assets and CC&N is in response to a requirement in Decision No. 74597 (July 30, 2014) in AWR's recent rate proceeding, requiring AWR to "file an application with the Commission for approval to transfer utility assets and Certificate of Convenience and Necessity to Arizona Windsong Water Co. within 90 days of the date of this Decision." On November 26, 2014, Staff found the application to be sufficient. On December 2, 2014, AWW filed a copy of its Certificate of Good Standing with the ACC. However, AWW failed to file its 2014 Annual Report that was due on November 21, 2014 and is now not in good standing as a corporation with the ACC.

AWR is providing water service to approximately 69 customers near the Town of Sanders (approximately 50 miles east of Holbrook) in Apache County. All customers are residential, with the exception of a gas station. AWW has indicated that the existing customer base is not expected to change in the next five years. Attached as Exhibit 1 is the Engineering Report regarding this matter.

The purpose of the transfer of assets request is that AWW is intended to be the on-going water company, replacing AWR which is the current water company serving the area. The ownership of AWR and AWW is identical, with shares held by Mrs. Lillian Paulsell and the estate of Patton Earl Paulsell, and no changes to service or other aspects of the utility operation would occur as a result of the transfer.

Background

AWR was issued a CC&N by the Commission in Decision No. 49857 (April 18, 1979). AWR's Articles of Incorporation were revoked by the Commission on November 10, 1979 for failing to maintain a statutory agent. On November 21, 2002, Mr. Paulsell incorporated AWW to operate the water utility but failed to seek Commission approval to transfer AWR's assets and CC&N to AWW. On May 16, 2003 (Decision No. 65918), the Commission ordered AWR to certify it had cured Arizona Department of Environmental Quality ("ADEQ") violations and to transfer its assets and CC&N to AWW. On April 30, 2010, AWW was administratively dissolved for failure to file its 2009 Annual Report with the Corporations Division. The current application, as ordered by Decision No. 74597, seeks to remedy the failure to transfer the assets and CC&N to AWW.

On January 31, 2014, AWR filed a general rate case with the Commission. On March 19, 2014, AWR filed a report discussing the need to address a variety of infrastructure issues that the Company indicated were imperative to improve the safety and reliability of the water system. On March 24, 2014, AWR filed for an Emergency/Interim Surcharge, indicating that Mr. Paulsell had recently passed away and the surcharge was needed to hire a certified operator. On April 18, 2014, the Commission granted AWR's request for an Emergency/Interim Surcharge as recommended by Staff (Decision No. 74442). Subsequently in Decision No. 74597 (July 30, 2014) the Commission

approved a permanent rate increase for AWR, subject to a variety of conditions, including the transfer of assets and application for a CC&N contained in the current filing at issue in this case.

CC&N Area

The area covered by the CC&N is approximately 1,662 acres (approximately 2.6 square miles). In Decision No. 72239 (April 7, 2011), the Commission found that AWR failed to file its 2008 Annual Report with the Commission. In that case, Staff indicated that it was not necessary to revoke AWR's CC&N because it had previously been revoked in 2003. This was in error, as AWR's CC&N was not cancelled in 2003. Thus, it would seem that AWR's CC&N should have been cancelled in 2011, but was not as there was a mistaken understanding that it had already been revoked. Thus, AWR still has its CC&N. Attached as Exhibit 2 is a map of the service area.

Water Facilities

The water system includes one 45 gallons per minute ("GPM") well, one 40,000 gallon storage tank, one 1,000 gallon pressure tank, one booster pump and a distribution system.

Current water use data was not provided because the water system does not yet have a wellhead meter. Therefore, Staff used water use data reported by the Company for 2012. Based on the available water use data, Staff concludes that the Company's well production capacity of 45 GPM and storage capacity of 40,000 gallons are adequate to serve the present customer base and reasonable growth.

The well, pump, and electrical system have recently been repaired with assistance from a number of entities, including Arizonans for Responsible Water Policy (Arizona Water Company, Global Water Resources, and Liberty Utilities), Arizona Public Service Company, and the Navajo Tribal Utility Authority.

Arizona Department of Environmental Quality ("ADEQ") Compliance

According to an ADEQ compliance status report dated March 21, 2014, the Company has unresolved monitoring, reporting, operation, and maintenance deficiencies. Based upon these deficiencies, ADEQ cannot determine if the Company system is currently delivering water that meets water quality standards required by 40 C.F.R. 14 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources Compliance

The Company's water system is not located in an Arizona Department of Water Resources ("ADWR") Active Management Area. According to an ADWR compliance status report, dated February 12, 2014, ADWR has determined that the Company's water system is not in compliance with ADWR requirements, as the Company failed to file its System Water Plan.

Arizona Corporation Commission Compliance

The Utilities Division Compliance Section noted that a check of the compliance database indicates that there are six outstanding compliance filings. Four are from Decision No. 74597, AWR's recent general rate proceeding. First, AWR has not filed the capital improvement plan with Docket Control by October 30, 2014. Second, AWR has not filed documentation showing AWR is in compliance with ADWR requirements by December 31, 2014. Third, AWR has not filed by December 31, 2014, documentation showing that AWR is in compliance with ADEQ and delivering water that meets water quality standards or has entered into a consent agreement with ADEQ. Fourth, AWR has not filed by January 30, 2015, documentation that a wellhead meter has been installed.

Two other outstanding compliance filings are from Decision No. 65918: the Company has not cured ADEQ deficiencies by July 15, 2003, and AWR has not filed with the Director of the Utilities Division by July 15, 2003, certification of curing ADEQ deficiencies. Therefore, AWR is not in compliance according to the ACC Compliance Database.

It is Staff's understanding that Arizonans for Responsible Water Policy has been assisting AWR in addressing its ADEQ, ADWR, and ACC compliance issues and that many compliance issues have been resolved recently, while some still remain.

Arizona Corporation Commission Complaints

Based on a January 28, 2015 report from the Commission's Consumer Services section, the Corporations Division has no records for AWR. In Docket No. W-02250A-14-0028, AWR filed a copy of its Certificate of Good Standing with the ACC. On December 2, 2014, AWW filed a copy of its Certificate of Good Standing with the ACC. However, AWW failed to file its 2014 Annual Report that was due on November 21, 2014 and as a result is now not in good standing with the Corporations Division.

Consumer Services database shows the following number of complaints have been received regarding AWR/AWW in recent years: 2012-0, 2013-3, 2014-66, 2015-3. There are currently 13 open complaints pending investigation. The open complaints primarily deal with metering and billing concerns. Staff understands that as of February 5, 2015, Sunstate Environmental Services has entered into an agreement with AWR/AWW to handle all billing and customer service activities. This may reduce or eliminate the types of concerns contained in the 13 open complaints and help the current open complaints to reach a resolution.

Curtailment Tariff

The Company has an approved Curtailment Tariff.

Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff.

Recommendations

Staff recommends approval of the transfer of assets from Arizona Windsong Realty, Inc. to Arizona Windsong Water Company.

Staff further recommends the approval of the transfer of the Certificate of Convenience and Necessity from Arizona Windsong Realty, Inc. to Arizona Windsong Water Company.

Staff further recommends that Arizona Windsong Water Company, within 60 days of the decision in this proceeding, file a new set of tariffs under the name of Arizona Windsong Water Company.

Staff further recommends that Arizona Windsong Water Company file its annual report for 2014 with the Corporations Division within 60 days of the decision in this proceeding.

Staff further recommends that Arizona Windsong Water Company assume responsibility for meeting all past compliance requirements placed on Arizona Windsong Realty, Inc. by the Commission. These compliance items should be met by December 31, 2015.

Lastly, Staff recommends that if Arizona Windsong Water Company does not comply with the above compliance items, Arizona Windsong Water Company's CC&N should be revoked by the Commission.

ATTACHMENT A

MEMORANDUM

TO: Robert Gray
Executive Consultant III
Utilities Division

FROM: Katrin Stukov *KS*
Utilities Engineer
Utilities Division

DATE: March 2, 2015

RE: Arizona Windsong Realty, Inc. (Application for a Certificate of Convenience and Necessity and for approval of transfer of assets)
Docket Nos. W-02250A-14-0376 and W- 20919A-14-0376

Introduction

On October 28, 2014, in compliance with Decision No. 74597, the Arizona Windsong Realty, Inc. ("Company") filed an application with the Arizona Corporation Commission ("ACC") for a Certificate of Convenience and Necessity ("CC&N") and for approval of transfer of assets. The Company is providing service to approximately 69 customers near the Town of Sanders (approximately 50 miles east of Holbrook) in Apache County. The requested area covers approximately 1,662 acres (approximately 2.6 square mile).

Water System

Operation¹

The Company's water system includes one 45 gallon per minute ("GPM") well, one 40,000 gallon storage tank, one 1,000 gallon pressure tank, one booster pump and a distribution system.

Capacity

The Company did not provide current water use data, because the water system does not yet have a wellhead meter. Therefore, Staff used water use data reported by the Company for 2012. Based on the available water use data, Staff concludes that the Company's well production capacity of 45 GPM and storage capacity of 40,000 gallons are adequate to serve the present customer base and reasonable growth.

Arizona Department of Environmental Quality ("ADEQ") Compliance

According to an ADEQ compliance status report, dated March 21, 2014, the Company has unresolved monitoring, reporting, operation, and maintenance deficiencies. Based upon these deficiencies, ADEQ cannot determine if the Company system is currently delivering water that

¹ Per the Company's responses to Staff's data requests KS 1.1

meets water quality standards required by 40 C.F.R. 14 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources Compliance

The Company's water system is not located in an Arizona Department of Water Resources ("ADWR") Active Management Area. According to an ADWR compliance status report dated February 12, 2014, ADWR has determined that the Company's water system is not in compliance with ADWR requirements, as the Company failed to file its System Water Plan.

ACC Compliance²

The Utilities Division Compliance Section noted that a check of the compliance database indicates that there are six outstanding compliance filings. Four are from Decision No. 74597. First, the Company has not filed the capital improvement plan with Docket Control by October 30, 2014. Second, the Company has not filed documentation showing the Company is in compliance with ADWR requirements by December 31, 2014. Third, the Company has not filed by December 31, 2014, documentation showing the Company is in compliance with ADEQ and delivering water that meets water quality standards or has entered into a consent agreement with ADEQ. Fourth, the Company has not filed by January 30, 2015, documentation that a well head meter has been installed.

Two other outstanding compliance filings are from Decision No. 65918, as the Company has not cured ADEQ deficiencies by July 15, 2003, and the Company has not filed with the Director of the Utilities Division by July 15, 2003, certification of curing ADEQ deficiencies

Curtailment Tariff

The Company has an approved Curtailment Tariff.

Backflow Prevention Tariff

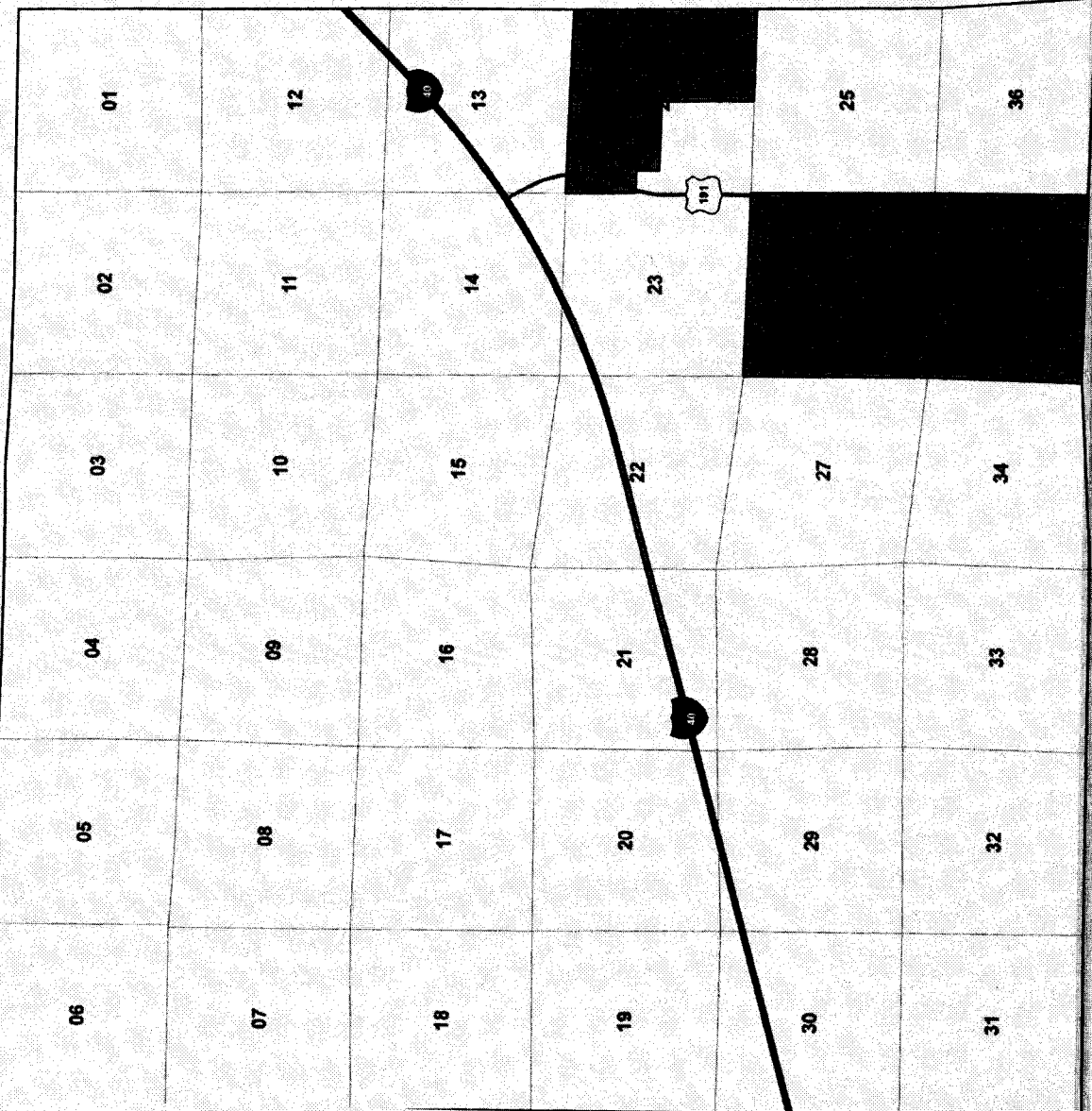
The Company has an approved Backflow Prevention Tariff.

² Per ACC compliance check on February 6, 2015

ATTACHMENT B

RANGE 28 East

TOWNSHIP 21 North



W-02250A (1)
Arizona Windsong Realty, Inc.

Arizona Windsong Realty, Inc.
Docket No. W-02205A-14-0376
Application to transfer to Arizona Windsong Water Co
Docket No. W-20919A-14-0376

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BEFORE THE ARIZONA CORPOR
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COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

2015 FEB 11 P 4: 25
AZ CORP COMMISSION
DOCKET CONTROL

ORIGINAL

IN THE MATTER OF THE APPLICATION
OF ARIZONA WINDSONG REALTY, INC.
AN ARIZONA CORPORATION, FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AND TO TRANSFER ASSETS.

Docket No. W-02250A-14-0376
W-20919A-14-0376

NOTICE OF FILING

Arizona Windsong Water, Co. files the attached proof of customer notice.

RESPECTFULLY SUBMITTED this 11th day of February 2015.

SNELL & WILMER, LLP

By Timothy J. Sabo
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 1900
Phoenix, Arizona 85004

Attorney for Arizona Windsong Realty, Inc.

Arizona Corporation Commission
DOCKETED
FEB 11 2015

DOCKETED BY [Signature]

EXHIBIT
tabbies
A-1

1 Original + 13 copies of the foregoing
2 filed this 11th day of February 2015, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 11th day of February 2015, to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Janice Alward, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007

20 Steven Olea, Director
21 Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25 Lillie Paulsell
26 Arizona Windsong Water Company
27 PO Box 261
Sanders, Arizona 86512

By 

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION
OF ARIZONA WINDSONG REALTY, INC.
AN ARIZONA CORPORATION, FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AND TO TRANSFER ASSETS.

Docket No. W-02250A-14-0376
W-20919A-14-0376

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) ss.
County of Yuma)

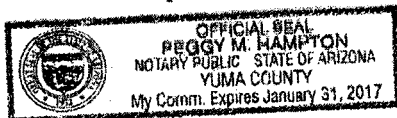
NANCY MILLER deposes and says:

1. On February 10, 2015, I caused the attached notice to be mailed to the customers of
Arizona Windsong Water Company.

By Nancy Miller
NANCY MILLER
Sunstate Environmental Services

Subscribed and Sworn before me this 10th day of February, 2015.

Peggy M. Hampton
Notary Public
My Commission expires:



**IN THE MATTER OF THE APPLICATION OF ARIZONA WINDSONG
REALTY, INC FOR APPROVAL TO TRANSFER ASSETS AND CERTIFICATE
OF CONVENIENCE AND NECESSITY
DOCKET NOS. W-02250A-14-0376 AND W-20919A-14-0376**

On October 28, 2014, Arizona Windsong Realty, Inc. ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for approval to transfer assets and Certificate of Convenience and Necessity ("CC&N") to Arizona Windsong Water Co. ("Application"). The Application is available for inspection during regular business hours at the Commission's offices, 1200 West Washington, Phoenix, Arizona; and at the offices of the Applicant, Arizona Windsong Realty, Inc., Arizona Park Estates, Lot 34, Sanders, Arizona 86512, and on the internet via the Commission's website (www.azcc.gov) using the e-Docket function.

The Commission will hold a hearing on this matter commencing on **March 18, 2015 at 10:00a.m.**, at the Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona. Public comments will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to Applicant or its counsel and to all parties of record, and which, at minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.);
3. A statement certifying that you have mailed a copy of the motion to intervene to the Applicant or its counsel and to all parties of record in the case; and
4. If the proposed intervenor is not represented by an attorney who is an active member of the Arizona State Bar, and is not an individual representing himself or herself, information and any appropriate documentation demonstrating the intervenor's compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

The granting of motions to intervene shall be governed by A.A.C R14-3-105, except that all motions to intervene must be filed on or before February 20, 2015. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested party from appearing at the hearing and making a statement on such person's own behalf.

If you would like to file written comments, want further information on intervention, or have any questions about the Application, you make contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, at SABernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

Affidavit of Publication

State of Arizona)
County of Navajo,) ss.

I, Linda Kor, being duly sworn, depose and say: I am

Associate Editor of THE TRIBUNE-NEWS, a newspaper of general circulation published at Holbrook, County of Navajo and State of Arizona; that

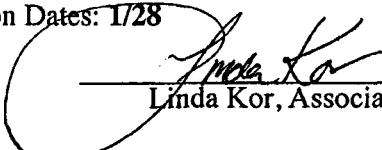
**In the Matter of the Application Legal #2788
of Arizona Windsong Realty, Inc.
for Approval to Transfer Assets
and Certificate of Convenience and
Necessity Docket Nos. W-02250A-
14-0376 and W-20919A-14-0376**

attached hereto, was published in said newspaper, THE TRIBUNE-NEWS, for 1 issue and said notice was published in the regular and entire issue of every number of the paper during the period of the time of publication and was published in the newspaper proper and not in a supplement, the first

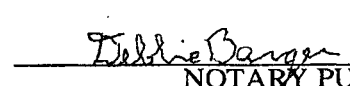
publication being dated January 28, 2015,

and the last publication being dated
January 28, 2015.

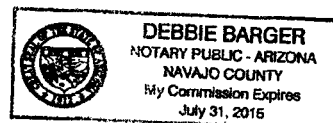
Publication Dates: 1/28


Linda Kor, Associate Editor

SUBSCRIBED AND SWORN TO before me this
28th day of January, 2015.


NOTARY PUBLIC

My commission expires July 31, 2015.



IN THE MATTER OF THE
APPLICATION OF ARIZONA
WINDSONG REALTY, INC. FOR
APPROVAL TO TRANSFER ASSETS
AND CERTIFICATE OF
CONVENIENCE AND NECESSITY
DOCKET NOS. W-02250A-14-0376 AND
W-20919A-14-0376

On October 28, 2014, I, Linda Kor, Associate Editor of THE TRIBUNE-NEWS, a newspaper of general circulation published at Holbrook, County of Navajo and State of Arizona, published in said newspaper, THE TRIBUNE-NEWS, for 1 issue and said notice was published in the regular and entire issue of every number of the paper during the period of the time of publication and was published in the newspaper proper and not in a supplement, the first publication being dated January 28, 2015, and the last publication being dated January 28, 2015.

The Commission will hold a hearing on this matter commencing on March 11, 2015 at 10:00 a.m. at the Commission's Office, 1200 West Washington Street, Hearing Room No. 12, Phoenix, Arizona. Public comments will be taken on the first day of the hearing.

The law provides that this publication be made in the regular and entire issue of every number of the paper during the period of the time of publication and was published in the newspaper proper and not in a supplement, the first publication being dated January 28, 2015, and the last publication being dated January 28, 2015.

If you would like to file written comments, want further information on intervention, or have any questions about the Application, you make contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

BEFORE THE ARIZONA CORPORAT

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COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

2015 FEB 17 P 4: 38

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA WINDSONG REALTY, INC.
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND PROPERTY
AND FOR ADJUSTMENTS TO ITS RATES
AND CHARGES FOR UTILITY SERVICE
FURNISHED BY ITS EASTERN GROUP
AND FOR CERTAIN RELATED APPROVALS.

Docket No. W-02250A-14-0028

**NOTICE OF FILING
(COMPLIANCE)**

ORIGINAL

In compliance with Decision No. 74597 (July 30, 2014), Arizona Windsong Realty, Inc.
files the attached Capital Improvement Plan.

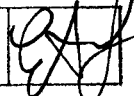
RESPECTFULLY SUBMITTED this 17th day of February 2015.

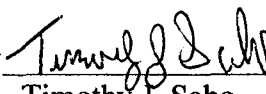
SNELL & WILMER L.L.P.

Arizona Corporation Commission

DOCKETED

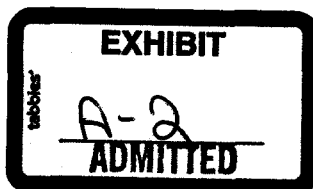
FEB 17 2015

DOCKETED BY 

By 
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004

Original + 13 copies of the foregoing
filed this 17th day of February 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



Snell & Wilmer

LAW OFFICES
One Arizona Center, 400 E. Van Buren, Suite 1900
Phoenix, Arizona 85004-2202
602.382.6000

1 Copies of the foregoing hand-delivered/mailed
2 this 17th day of February 2015, to:

3 Lyn A. Farmer, Esq.
4 Chief Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007

9 Janice Alward, Esq.
10 Chief Counsel, Legal Division
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

14 Steven Olea, Director
15 Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington
18 Phoenix, Arizona 85007

19 Lillie Paulsell
20 Arizona Windsong Water Company
21 PO Box 261
22 Sanders, Arizona 86512

23
24
25
26
27
28
By *Jacklyn Howard*

Arizona Windsong Capital Improvement Priorities

1. Pressure system is the most critical currently. It will be somewhat difficult to upgrade due to the lack of functioning valving.

We will need a temporary (or permanent) alternate tank of 5-10,000 gallons in order to disconnect the current 40,000 gallon tank during repairs.

After connecting the temporary tank the present pumping and pressure structures would be removed and a new small building (Large Tuff Shed type building) could be installed to accommodate both the pressure tank and 2 small pressure pumps, so that there is always a back-up pump ready. This configuration could be winterized and secure. I may know where we could buy the tank and pumps locally, possibly at a reduced price.

The cost to complete this will be \$15,000-20,000. I would like to begin in April 2015 when freeze danger is less, and complete before June 2015.

2. The well needs a structure so that it can be secured also. Like above a small Shed type structure set on concrete would do. Cost will be about \$7,000 and should be completed before the end of 2015.
3. The well also needs the auto level controller and integrator installed so that the tank is not manually controlled and total pumping is calculated. Cost will be around \$3,000-5,000, and the work can be done by Willis well drilling before the January 2015 deadline.
4. Priority should be given to saving money for complete well refurbishing because this will inevitably be needed at some point. A new well nearby should be sunk as back-up for the current well. This could cost \$10,000-15,000 and be completed in the next 2-3 years.

5. Shut off and isolation valving does not work effectively. It is leaky and unreliable in an emergency situation and should be replaced soon. \$5,000 completed whenever possible before 2017.
6. The system tank has a leak in the bottom and needs to be drained and repaired (recoated) on the inside. \$5,000 Completed before end of 2016.

WEB FORM
COPYSTATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT
& CERTIFICATE OF DISCLOSURE

AZ CCOR Commission

DUE ON OR BEFORE 11/21/2014

FILING FEE \$45.00

PLEASE READ ALL INSTRUCTIONS. The following information is required by A.R.S. §§10-402 & 10-4102 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to promulgate this form is A.R.S. §§ 10-121(A) & 10-321(A). YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM. Make changes or corrections where necessary. Information for this report should reflect the current status of the corporation.

-1054028-0

RECEIVED

FEB 28 2015

ARIZONA CORP COMMISSION
CORPORATIONS DIVISION

1. ARIZONA WINDSONG WATER CO.
LOT 34 AZ PARK ESTATES BGNWDM
SANDERS, AZ 85512

* AD-DISCLOSED-FILE ANNUAL REPORT (MAY 2015). CONTACT THE COMMISSION AT 602-642-3820

Business Phone: _____

(Business phone is optional)

State of Domicile: ARIZONA

Type of Corporation: BUSINESS

2. * STATUTORY AGENT MUST HAVE A PHYSICAL ADDRESS.

Statutory Agent: JULIE PARRELL

Statutory Agent's Street or Physical Address, if Different:

Mailing Address: LOT 34 AZ PARK ESTATES BGNWDM

Physical Address:

City, State, Zip: SANDERS, AZ 85512

City, State, Zip:

ADD LINE ONLY

No. _____

Priority: 22-00

Relationship: _____

Expenditure: _____

Remarks: _____

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below. Note that the agent address must be in Arizona.

I, _____, President or Vice President or limited liability company having been designated the new Statutory Agent, do hereby consent to this appointment and my removal or resignation pursuant to A.R.S.

Signature of new Statutory Agent: _____

Printed Name of new Statutory Agent: _____

3. Secondary Address:

Foreign Corporations are **REQUIRED**
to complete this section.

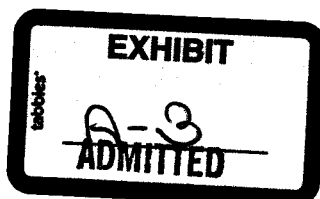
4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

MANUFACTURING CORPORATIONS

- ☐ 1. Accounting
☐ 2. Advertising
☐ 3. Amusement
☐ 4. Agriculture
☐ 5. Architecture
☐ 6. Banking/Finance
☐ 7. Business/Consulting
☐ 8. Construction
☐ 9. Contractor
☐ 10. Credit/Collection
☐ 11. Education
☐ 12. Engineering
☐ 13. Entertainment
☐ 14. General Consulting
☐ 15. Health Care
☐ 16. Hotel/Motel
☐ 17. Import/Export
☐ 18. Insurance
☐ 19. Legal Services
☐ 20. Manufacturing
☐ 21. Mining
☐ 22. Motor Vehicle
☐ 23. Pharmaceutical
☐ 24. Publishing/Printing
☐ 25. Real Estate/Leasing
☐ 26. Retail Sales
☐ 27. Restaurant/Cafe
☐ 28. Retail Store
☐ 29. Transportation
☐ 30. Wholesale/Trade
☐ 31. Other

NON-PROFIT CORPORATIONS

- ☐ 1. Charitable
☐ 2. Educational
☐ 3. Religious
☐ 4. Civic
☐ 5. Cultural
☐ 6. Literary
☐ 7. Scientific
☐ 8. Sports/Recreation
☐ 9. Trade Association
☐ 10. Other

ARIZONA
FORM 9700001ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

-1054020-0 ARIZONA WINDSONG WATER CO.

Page 2

5. CAPITALIZATION: (For-profit Corporations and Business Trusts are **REQUIRED** to complete this section.)
 Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. PLEASE PRINT OR TYPE CLEARLY.

5a. Please examine the corporation's original Articles of Incorporation for the amount of shares authorized.
 Number of Shares/Certificates Authorized Class Parity Series Within Class (if any)

Authorized 1,000,000
 Parity Non-Parity

5b. Review all corporate amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of shares issued.

Number of Shares/Certificates Issued Class Parity Series Within Class (if any)

Authorized 1,000,000
 Parity Non-Parity

6. SHAREHOLDERS: (For-profit Corporations and Business Trusts are **REQUIRED** to complete this section.)
 List shareholders holding more than 10% of any class of shares issued by the corporation, or having more than a 10% beneficial interest in the corporation.

Name: LILLIE PAULSELL Name: _____

NONE ☐

Name: _____ Name: _____

7. OFFICERS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: LILLIE PAULSELL

Name: LILLIE PAULSELL

Title: PRESIDENT

Title: SECRETARY

Address: PO BOX 261

Address: PO BOX 261

SANDERS, AZ 86512

SANDERS, AZ 86512

Date taking office: 11/1/2014

Date taking office: 11/4/2002

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

8. DIRECTORS PLEASE TYPE OR PRINT CLEARLY. YOU MUST LIST AT LEAST ONE.

Name: LILLIE PAULSELL

Name: _____

Address: PO BOX 261

Address: _____

SANDERS, AZ 86512

Date taking office: 11/4/2002

Date taking office: _____

Name: _____

Name: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

ARIZONA
 WINDSONG WATER CO.

Arizona Corporation Commission
 Corporation Division

6. <input checked="" type="checkbox"/> NEW STATUTORY AGENT - If a new statutory agent is being appointed, check the box and complete the following for the NEW statutory agent:					
6.1 REQUIRED - Give the name (can be an individual or an entity) and physical or street address (not a P.O. Box) in Arizona of the NEW statutory agent:			6.2 OPTIONAL - mailing address in Arizona of NEW Statutory Agent (can be a P.O. Box):		
Lillie Paulsell <small>Statutory Agent Name</small>					
Lot 34 Arizona Park Estates <small>Address 1</small>			Box 261 <small>Address 2 (optional)</small>		
Arizona 1 (optional) <small>City</small> Sanders	AZ <small>State</small>	86512 <small>Zip</small>	Arizona 2 (optional) <small>City</small> Sanders	AZ <small>State</small>	86512 <small>Zip</small>
6.3 REQUIRED - If you are appointing a new statutory agent, the Statutory Agent Acceptance form M002 must be submitted along with this Statement of Change form.					

SIGNATURE - see *Instructions G016* for who is authorized to make changes:

If the person signing this form is the existing statutory agent changing its own address, then by the signature appearing below, the existing statutory agent certifies under penalty of perjury that he or she has given the corporation named in number 1 above written notice of the address change.

By checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

☒ **I ACCEPT**





REQUIRED - check only one:

<input type="checkbox"/> I am the Chairman of the Board of Directors of the corporation filing this document.	<input checked="" type="checkbox"/> I am a duly-authorized officer of the corporation filing this document.	<input type="checkbox"/> I am a Statutory Agent, changing only my own address and/or my own name.
---	---	---

Filing Fee: None (regular processing) Expedited processing - add \$35.00 to filing fee. All fees are non-refundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-942-4136
--	---

Please be advised that A.C.C. will process only the information provided required by statute. You should make private kept separate from public review that may pertain to the confidential records of your corporation.

All documents filed with the Arizona Corporation Commission are publicly posted and are open for public inspection. If you have questions after studying the Instructions, please call 602-942-3000 or (toll-free Arizona only) 800-942-3000.

CHARTER
Approved

Arizona Corporation Commission - May 2002 Edition
Page Four

Check Form

Print Form

STATUTORY AGENT ACCEPTANCE
Please read Instructions #0021

1. **ENTITY NAME** - give the exact name in Arizona of the corporation or LLC that has appointed the Statutory Agent (this must match exactly the name as listed on the document appointing the statutory agent, e.g., Articles of Organization or Article of Incorporation):
Arizona Windang Water Co.

2. **STATUTORY AGENT NAME** - give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be either an individual or an entity). **NOTE** - the name must match exactly the statutory agent name as listed in the document that appoints the statutory agent (e.g., Articles of Incorporation or Articles of Organization), including any middle initial or suffix:
Lillie Paulsall

3. **STATUTORY AGENT SIGNATURE**

By the signature appearing below, the individual or entity named in number 2 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the appointing entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

The person signing below declares and certifies under penalty of perjury that the information contained within this document together with any attachments is true and correct, and is submitted in compliance with Arizona law.

Lillie Paulsall *Lillie Paulsall* 4/9/014

REQUIRED - check only one

<input checked="" type="checkbox"/> I am an individual and I am signing on behalf of myself as the individual (natural person) named as statutory agent.	<input type="checkbox"/> I am an entity and I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity.
--	--

Filing Fee: none (regular proceedings) Expedited proceedings - not applicable. All fees are non-refundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1200 W. Washington St., Phoenix, Arizona 85007 File: 602-542-4168
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Please be advised that A.C.C. is not liable for any information provided by mistake. The filer must verify the information for their accuracy and not rely on the information provided by the filer. All documents filed with the Arizona Corporation Commission are public records and are open for public inspection. If you have questions after reading the Instructions, please call 602-542-4168 or (toll-free) 800-542-4168.

ARIZONA
FORM 0021-01

Arizona Corporation Commission - Corporate Filings Section
Page 1 of 1

Please Enter Corporation Name: **ARIZONA WINDSONG WATER CO.**File number: **108425-3** Page **3****I. FINANCIAL DISCLOSURE (A.R.S. §10-1082(A)(4))**

Nonprofits - If your annual reports due on or before December 25, 2009, you must attach a financial statement (e.g. Income Statement, Balance Sheet, including assets, liabilities). If your nonprofit annual report is due after December 25, 2009, a financial statement is not required. Cooperative operating associations must in all cases attach a financial statement. All other forms of corporations are exempt from filing a financial statement but must report the date the annual report was due.

ONLY NONPROFIT CORPORATIONS MUST ANSWER THIS QUESTION**II. MEMBERS (A.R.S. §10-1082(A)(5))**This corporation **DOES** ☐ **DOES NOT** ☒ have members.**III. CERTIFICATE OF INCORPORATION (A.R.S. §§ 10-2003, 10-2003.01, 10-1082(A)(6) & 10-1082(A)(7))**

- A.** Has any person who is currently an officer, director, trustee, incorporator, or who, in a For-profit corporation, controls or holds more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been:
1. Convicted of a felony involving a transaction in securities, commodities, fraud or embezzlement in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
 2. Convicted of a felony, the essential elements of which constituted fraud, misrepresentation, theft by false pretenses or misappropriation of funds or misappropriation in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
 3. Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate which such injunction, judgment, decree or permanent order involved the violation of:
 - (a) fraud or deceptive practices of the securities laws of that jurisdiction, or
 - (b) the consumer fraud laws of that jurisdiction, or
 - (c) the antitrust or restraint of trade laws of that jurisdiction?

One box must be marked: YES ☐ NO ☒

If "YES" to A, the following information must be submitted as an attachment to this report for each person subject to one or more of the actions stated in items 1 through 3 above.

- | | |
|--|--|
| 1. Full birth name. | 5. Date and location of birth. |
| 2. Full present name and prior names used. | 6. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved; and the fine or name number of the case. |
| 3. Present home address. | |
| 4. All prior residences for immediately preceding 7 year period. | |

- B.** Has any person who is currently an officer, director, trustee, incorporator, or who, in a For-profit corporation, controls or holds over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a 20% interest in any other corporation or the bankruptcy or receivership of that other corporation?

One box must be marked: YES ☐ NO ☒

If "YES" to B, the following information must be submitted as an attachment to this report for each corporation subject to the statement above.

- (a) Name and address of each corporation and the persons involved.
 (b) State(s) in which it (i) was incorporated and (ii) has principal business.
 (c) Date of corporate operation.

IV. STATEMENT OF BANKRUPTCY OR RECEIVERSHIP (A.R.S. §§ 10-1082 & 10-1083)

- A.** Has the corporation filed a petition for bankruptcy or appointed a receiver? **One box must be marked: YES ☐ NO ☒**

If "Yes" to A, the following information must be submitted as an attachment to this report:

1. All officers, directors, trustees and major stockholders of the corporation within one year of filing the petition for bankruptcy or the appointment of a receiver. If a major stockholder is a corporation, the statement shall list the current president, chairman of the board of directors and major stockholders of such corporate stockholder. "Major stockholder" means a shareholder possessing or controlling twenty per cent of the issued and outstanding shares or twenty per cent of any proprietary, beneficial or membership interest in the corporation.
2. Whether any such person has been an officer, director, trustee or major stockholder of any other corporation within one year of the bankruptcy or receivership of the other corporation. If so, for each such corporation give:
 - (a) Name and address of such corporation;
 - (b) State(s) in which it (i) was incorporated and (ii) transacted business;
 - (c) Date of operation.

NOTARIZATION: **Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.**
 I declare, under penalty of perjury, that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of perjury that I (we) have examined this report and the certificate, including any attachments, and in the best of my (our) knowledge and belief they are true, correct and complete.

Name: Mike Phares Date: 11/11/09 Signature: [Signature] Title: Secretary

AR2009
Rev. 12/2008

Arizona Corporation Commission
Corporations Division